



State of Idaho

Legislative Services Office

Management Report

A communication to the Joint Finance-Appropriations Committee

IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

FY 2004, 2005, and 2006

Report IC18906
Date Issued: July 19, 2007

Serving Idaho's Citizen Legislature

FOREWORD

PURPOSE OF REPORT

We evaluated the internal controls over financial operations of the Idaho Commission for the Blind and the Visually Impaired as part of our effort to evaluate each State agency at least once every three years. This report summarizes the results of our evaluation.

SCOPE OF WORK

The management of the Commission is responsible for establishing and maintaining internal controls. We obtained an understanding of the relevant policies and procedures comprising the internal control system. We also determined whether the relevant policies and procedures had actually been placed into operation. Our intent was to indicate where internal controls could be improved in order to help ensure the Commission's ability to record, process, summarize, and report financial data accurately.

AUDIT AUTHORIZATION

Reported to the Joint Finance-Appropriations Committee as directed by the Legislative Council of the Idaho Legislature, authorized by Idaho Code, Section 67-429.

ASSIGNED STAFF

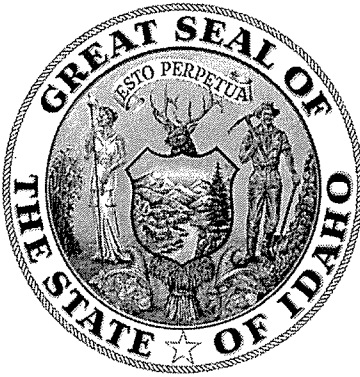
Jim Combo, CPA, Staff Auditor
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ADMINISTRATION AND TECHNICAL REVIEW

Don H. Berg, CGFM, Manager, Legislative Audits Division
Eugene Sparks, CPA, CGFM, Managing Auditor

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EXECUTIVE SUMMARY LEGISLATIVE AUDITS

COMMISSION FOR THE BLIND AND THE VISUALLY IMPAIRED

PURPOSE AND SCOPE. We performed certain audit procedures to evaluate the effectiveness of the Commission for the Blind and Visually Impaired's internal control design and operation. The limited scope of our procedures does not allow us to give an opinion on the Commission's internal control system. Accordingly, we do not express an opinion or ensure that all instances of internal control weaknesses were disclosed. Our purpose was to indicate where internal controls could be strengthened to help ensure accurate financial statements and data. Any findings and recommendations are intended to improve the internal control system to prevent errors, omissions, misrepresentations, or fraud.

CONCLUSION. We noted no matters involving the internal control over the Commission's financial reporting or its operation that we considered to be material weaknesses. However, our consideration of internal controls would not necessarily disclose all matters considered to be a material weakness.

FINDINGS AND RECOMMENDATIONS. There are no findings and recommendations in this report.

PRIOR FINDINGS AND RECOMMENDATIONS. There were two findings and recommendations in the prior report. As discussed below, both recommendations were implemented, and both findings are considered closed.

Prior Finding #1. The Commission needs to improve controls to ensure that all potential Social Security Administration (SSA) reimbursement claims are identified and properly calculated. The SSA reimburses entities for the cost of rehabilitating clients who become employed for at least 9 months within a 12-month period. The Commission receives SSA reimbursements of more than \$100,000 a year (averaging \$32,000 per client). The Commission has no written procedure and relies solely on its counselors to identify clients who became employed. Although counselors have identified some clients, reviewing its practices and developing sound procedures may help identify additional clients who have met the employment requirement. This would result in additional reimbursement claims and increased revenue for the State. Also, all reimbursement claims in fiscal year 2003 were adjusted by the SSA without any follow-up by the Commission to determine why.

We recommended that the Commission review current practices and SSA regulations, explore additional avenues to identify and verify client employment, and develop written procedures and policies. The written procedures and policies should include, but not be limited to, the following:

1. Monitoring clients who successfully complete rehabilitation.
2. Determining an appropriate length of time to monitor clients.
3. Reviewing each reimbursement claim for accuracy.
4. Following up to determine why the SSA adjusts reimbursement claims.
5. Ensuring compliance with the written policies and procedures.

Current Status. As recommended, the Commission created a written policy to identify and monitor clients who could potentially qualify for SSA reimbursement. The Commission works with the Idaho Department of Health and Welfare to identify potential SSA reimbursement clients. It also tracks clients by having counselors periodically follow up on the clients' work progress and earnings. **CLOSED**

Prior Finding #2. Accounting controls for the Commission's aids and appliances inventory are inadequate. The Commission maintains an inventory of aids and appliances, valued at about \$70,000, that is sold primarily to its clients. Annual sales include a 20% mark up and are approximately \$68,000. As explained below, controls need to be improved.

1. One employee purchases and receives inventory and records all inventory transactions, including inventory adjustments and write-offs. No other employee is assigned to review the work.
2. No employee verifies that items paid for are actually received by the Commission.
3. Many Commission staff members have access to the inventory, increasing the likelihood of items being added and removed without proper accounting.
4. The inventory may be too large and is not reviewed for turnover or usage.

We recommended that the Commission determine the need for such an inventory or for such a large inventory. **We also recommended** that the Commission segregate duties, approve adjustments and write-offs, ensure that items paid for were received, restrict access, review turnover rates, and adjust inventory levels as necessary.

Current Status. The Commission has made improvements to its accounting controls related to the aids and appliances inventory. A policy has been established whereby a monthly inventory count is taken and reconciled to inventory received and sold. The accounting section reviews all inventory adjustments. Inventory access is limited to the storekeeper, the store supervisor, and the accounting supervisor. **CLOSED**

AGENCY RESPONSE. The Commission has reviewed the report and is in general agreement with its contents.

FINANCIAL SUMMARY. The following financial data is presented for informational purposes only.

COMMISSION FOR THE BLIND AND THE VISUALLY IMPAIRED

| Fiscal Year 2006 | General Fund 0001 | Economic Recovery Fund 0150 | Business Enterprise Fund 0210 | Rehabilitation Revenue and Refunds Fund 0288 | Federal (Grant) Fund 0348 | Miscellaneous Revenue Fund 0349 | Adaptive Aids and Appliances Fund 0426 |
|-------------------------------|----------------------|-----------------------------------|-------------------------------------|---|---------------------------------|---------------------------------------|---|
| Beginning Cash/Appropriations | \$1,781,600 | \$0 | \$101,825 | \$52,524 | \$554,340 | \$56,843 | \$32,217 |
| Licenses and Fees | 0 | 0 | 51,932 | 0 | 0 | 0 | 0 |
| Federal Grants | 0 | 0 | 0 | 0 | 2,245,604 | 0 | 0 |
| Other Receipts | 542 | 20,911 | 37,245 | 9,505 | 4,922 | 4,330 | 56,247 |
| Total Receipts | 542 | 20,911 | 89,177 | 9,505 | 2,250,526 | 4,330 | 56,247 |
| Total Cash Available | \$1,782,142 | \$20,911 | \$191,002 | \$62,029 | \$2,804,866 | \$61,173 | \$88,464 |
| Personnel Costs | 660,197 | 20,911 | 0 | 0 | 1,360,513 | 0 | 0 |
| Operating Expenditures | 994,735 | 0 | 57,916 | 21,963 | 891,895 | 46 | 47,495 |
| Capital Outlay | 0 | 0 | 0 | 30,561 | 0 | 0 | 0 |
| Total Disbursements | \$1,654,932 | \$20,911 | \$57,916 | \$52,524 | \$2,252,408 | \$46 | \$47,495 |
| Ending Fund Balance | \$127,210 | \$0 | \$133,086 | \$9,505 | \$552,458 | \$61,127 | \$40,969 |

FUND DESCRIPTIONS

General Fund (0001) – This fund receives General Fund appropriations and is used for State-only services (sight restoration), for providing matching funds for federal grants, and for administrative costs.

Economic Recovery Fund (0150) – The money in this fund was used for the 27th payroll period for State employees, as specified in Senate Bill 1230.

Business Enterprise Programs (0210) – This fund receives income-based payments from vendors who are blind and have vending and cafeteria operations. The fund pays personnel costs for Commission staff and other miscellaneous expenses, such as vending machine repairs.

Rehabilitation Revenue and Refunds (0288) – This fund receives payments from the U.S. Social Security Administration. These payments reimburse the Commission for its costs to rehabilitate Social Security recipients who remain gainfully employed for a stipulated period of time. The Commission uses these funds to contribute to its programs, primarily the Basic Support and Independent Living programs.

Federal Grant (0348) – This fund receives federal grant money to serve adults who are blind or visually impaired.

Miscellaneous Revenue (0349) – This fund receives miscellaneous receipts for photocopying, client cost-sharing, and donations. Disbursements enhance Commission programs, such as the volunteer program.

Adaptive Aids and Appliances (0426) – Receipts in this fund are from the sale of low-vision aids and appliances to clients of the Commission and the general public. The funds replenish the aids and appliances inventory.

OTHER ISSUES. In addition to the findings and recommendations, we discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Commission for the Blind and Visually Impaired and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance provided to us by the Commission.

QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:

Don H. Berg, CGFM, Manager, Legislative Audits Division
Eugene Sparks, CPA, Managing Auditor

AGENCY RESPONSE



STATE OF IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

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June 12, 2007

Don Berg
Legislative Services Office
Idaho State Legislature
Capital Annex
514 West Jefferson Street
Boise, ID 83720-0054

Dear Mr. Berg,

The Idaho Commission for the Blind and Visually Impaired agrees with the final report from the audit division of the Legislative Services Office.

I would also like to commend your staff in their professional behavior and willingness to take the time with our staff to explain potential audit concerns for the future. This enables ICBVI staff to look at areas that we could monitor and improve.

Again, your staff should be commended on their positive attitudes and professionalism.

Sincerely,

Angela Roan
Administrator

APPENDIX

HISTORY

The Idaho Commission for the Blind and Visually Impaired was established in 1967 by the Idaho Legislature at the request of the organized blind and visually impaired citizens of Idaho. In 1971, the legislature authorized the purchase and remodel of the building at 341 West Washington Street in Boise, to meet the increasing demand for comprehensive services to Idaho's blind and visually impaired residents. The central offices of the Commission, as well as the Adult Assessment and Training Center, are located at this Boise office. In subsequent years, regional offices were established in Coeur d'Alene, Idaho Falls, Lewiston, Pocatello, and Twin Falls.

As a result of governmental reorganization in 1974, the Commission is now part of the Governor's Office, with a four-member board of directors responsible for the policies of the Commission. The Commission operates under Idaho Code, Sections 67-5401 through 67-5415.

The Commission assists blind and visually impaired individuals in achieving social and economic independence by providing vocational and other rehabilitative services. This includes performing outreach to locate residents who are blind or visually impaired, informing them of available services, and encouraging them to participate in these services. The Commission designs its services to support each client's unique goals, enhance employment opportunities, and assist individuals in obtaining employment consistent with their abilities.

Vocational and other rehabilitative services include providing aids and appliances, instructing alternative techniques in clients' homes, and providing comprehensive and intensive training at the Assessment and Training Center, so that clients can develop a positive attitude about their blindness or visual impairment as they learn the skills associated with cane travel, Braille, computer skills, home economics, and industrial arts. The services also include arranging for vocational or academic education to prepare clients for a competitive labor market. When it is possible to prevent a person's sight from deteriorating, or to restore sight, the Commission assists with surgery and medical costs. Medical services also are provided to Vocational Rehabilitation clients, when necessary, to assist them in obtaining gainful employment or establishing a small business enterprise (such as a vending stand) in accordance with federal and State legislation.

ORGANIZATION

Finally, the Commission is authorized to apply for grants from the federal government to receive federal funds for use in providing the services mentioned above.

The Commission's board consists of five members. Three members must be legally blind, and no more than three may be from the same political party. The Commission is authorized, subject to the provisions of Idaho Code Title 67, Chapter 53, to employ necessary staff.

The Commission hires an administrator, who hires staff necessary to fulfill the Commission duties. An organizational chart is included in this report.

PROGRAMS

Field Services – Counselors are located in six offices in Boise, Coeur d'Alene, Idaho Falls, Lewiston, Pocatello, and Twin Falls. These counselors serve designated areas in the State, seeking individuals eligible for services. When a counselor learns of a potentially eligible individual, an interview and evaluation is arranged. If eligibility appears likely, an application for services is completed. The counselor is responsible for reviewing an applicant's medical records and other pertinent information, and making a final decision on a client's eligibility within 60 days of the application date.

Vocational Rehabilitation – This program is funded through a federal grant with State matching funds. Once determined eligible for Vocational Rehabilitation services, the client and the counselor plan a course of training, medical treatment (if needed), and counseling, intended to help the individual enter the labor market or become an effective homemaker.

This program is offered to individuals who have a qualifying visual disability that constitutes an impairment to employment, and who can benefit from the services provided.

Independent Living – This program is also funded through a federal grant with State matching funds. Individuals who are legally blind and able to benefit from broader based community or independent living are eligible to participate in this program.

State Only – This program is a State-funded program offering services for prevention of blindness, sight restoration, and reducing the effects of blindness. Economic need is considered when determining eligibility.

Assessment and Training Center – This program is provided at the Commission's Boise office. Recent enrollment averages 15-30 full-time students and 20-40 part-time students.

Two skills are taught at the Assessment and Training Center:

1. Skills to aid a blind person in competing in a sighted world. Instructors stress independence and assign confidence-building tasks, such as job readiness.
2. Skills to accomplish everyday tasks, including cane travel, computers, cleaning, assistive technology, and reading Braille.

Program costs are paid by the Vocational Rehabilitation Grant or the Independent Living Grant, as applicable.

Vending Program – This program began with the enactment of the Randolph-Sheppard Act and the Little Randolph-Sheppard Act. Both gave blind and visually impaired individuals preference in establishing food service operations on federal or State property. Currently, there are 21 blind and visually impaired vendors operating 21 businesses on federal, State, or private property in Idaho.

Radio Reading Program – This program provides radio broadcasts of material read by volunteers. These volunteers broadcast from Boise, Monday through Friday mornings. A tape of the news is rebroadcast in the evenings.

Aids and Appliance Store – This retail store carries a wide range of adaptive devices used by the blind and visually impaired.

Low Vision Clinic – This clinic provides low vision evaluations to blind and visually impaired people in the State of Idaho.

